



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

FOR IMMEDIATE RELEASE
FRIDAY, JANUARY 9, 2009

CONTACT: JERRY ADAMS
615-741-4806

DECEMBER REVENUES

NASHVILLE - Overall December revenues were \$811.0 million, or \$83.7 million less than the state budgeted, with sales tax collections for December – reflecting November spending – coming in at a record low rate of negative 10.28 percent.

“December is the fifth consecutive month this fiscal year in which sales taxes and corporate income taxes have recorded negative growth rates,” Finance and Administration Commissioner Dave Goetz said. “December also made history – with the largest single negative growth month for sales tax collections on record.”

December is the tenth month in the past year that sales taxes had negative growth rates. Sales taxes comprise more than 60% of the state’s revenue collections.

“In spite of this year’s unprecedented shortfall in tax revenues we will meet our constitutional mandate and end this fiscal year with a balanced budget,” Goetz said.

On an accrual basis, December is the fifth month in the 2008-2009 fiscal year.

The general fund was under collected by \$73.8 million and the four other funds were under collected by \$9.9 million.

Sales tax collections were \$67.6 million less than the estimate for December. The December growth rate was negative 10.28 percent. For five months revenues are under collected by \$212.5 million.

Franchise and excise taxes combined were \$1.4 million below the budgeted estimate of \$143.9 million. For five months revenues are under collected by \$135.7 million.

Gasoline and motor fuel collections for December decreased by 6.81% and they were \$6.2 million below the budgeted estimate of \$70.4 million. For five months revenues are under collected by \$24.7 million.

Tobacco tax collections were \$1.9 million above the budgeted estimate of \$25.0 million, and for five months they are \$2.4 million below the budgeted estimate.

Year-to-date collections for five months were \$407.8 million less than the budgeted estimate. The general fund was under collected by \$379.4 million and the four other funds were under collected by \$28.4 million.

The budgeted revenue estimates for 2008-2009 are based on the State Funding Board’s consensus recommendation adopted by the second session of the 105th General Assembly in May of 2008.

**REVENUE COLLECTIONS
DECEMBER, 2008, AND 5 MONTHS YEAR-TO-DATE**

December Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$749,867,000	\$676,096,000	(\$73,771,000)
Highway Fund	54,013,000	49,865,000	(4,148,000)
Sinking Fund	26,143,000	25,624,000	(519,000)
City & County Fund	63,846,000	58,560,000	(5,286,000)
Earmarked Fund	892,000	892,000	0
Total	\$894,761,000	\$811,037,000	(\$83,724,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$3,639,735,000	\$3,260,382,000	(\$379,353,000)
Highway Fund	289,866,000	281,828,000	(8,038,000)
Sinking Fund	131,122,000	129,373,000	(1,749,000)
City & County Fund	322,543,000	303,883,000	(18,660,000)
Earmarked Fund	4,459,000	4,459,000	0
Total	\$4,387,725,000	\$3,979,925,000	(\$407,800,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	December			
	2007	2008	Change	Percent
Franchise & Excise	\$150,747,000	\$142,476,000	(\$8,271,000)	-5.49%
Income	3,740,000	2,596,000	(1,144,000)	-30.59%
Inheritance & Estate	10,436,000	7,144,000	(3,292,000)	-31.54%
Gasoline	48,969,000	48,914,000	(55,000)	-0.11%
Petroleum Special	4,315,000	5,005,000	690,000	15.99%
Tobacco	22,446,000	26,962,000	4,516,000	20.12%
Beer	1,365,000	1,234,000	(131,000)	-9.60%
Motor Vehicle Registration	14,547,000	14,481,000	(66,000)	-0.45%
Motor Vehicle Title	708,000	708,000	0	0.00%
Mixed Drink	4,242,000	3,972,000	(270,000)	-6.36%
Business	1,678,000	1,729,000	51,000	3.04%
Privilege	18,291,000	13,070,000	(5,221,000)	-28.54%
Gross Receipts	(22,000)	(87,000)	(65,000)	295.45%
TVA - In Lieu of Tax Payments	22,012,000	24,014,000	2,002,000	9.10%
Alcoholic Beverage	4,048,000	3,662,000	(386,000)	-9.54%
Sales and Use	562,440,000	504,646,000	(57,794,000)	-10.28%
Motor Vehicle Fuel	15,552,000	10,227,000	(5,325,000)	-34.24%
Severance	127,000	206,000	79,000	62.20%
Coin-operated Amusement	7,000	3,000	(4,000)	-57.14%
Unauthorized Substance	66,000	75,000	9,000	13.64%
Total	\$885,714,000	\$811,037,000	(\$74,677,000)	-8.43%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - December			
	2007-2008	2008-2009	Change	Percent
Franchise & Excise	\$513,255,000	\$404,098,000	(\$109,157,000)	-21.27%
Income	12,057,000	11,480,000	(577,000)	-4.79%
Inheritance & Estate	39,490,000	35,626,000	(3,864,000)	-9.78%
Gasoline	261,388,000	249,231,000	(12,157,000)	-4.65%
Petroleum Special	26,803,000	25,938,000	(865,000)	-3.23%
Tobacco	110,565,000	130,096,000	19,531,000	17.66%
Beer	8,096,000	7,630,000	(466,000)	-5.76%
Motor Vehicle Registration	91,598,000	87,666,000	(3,932,000)	-4.29%
Motor Vehicle Title	4,393,000	4,098,000	(295,000)	-6.72%
Mixed Drink	22,382,000	22,282,000	(100,000)	-0.45%
Business	8,588,000	10,420,000	1,832,000	21.33%
Privilege	115,095,000	85,325,000	(29,770,000)	-25.87%
Gross Receipts	14,083,000	18,793,000	4,710,000	33.44%
TVA - In Lieu of Tax Payments	116,252,000	114,997,000	(1,255,000)	-1.08%
Alcoholic Beverage	17,559,000	17,897,000	338,000	1.92%
Sales and Use	2,841,436,000	2,686,935,000	(154,501,000)	-5.44%
Motor Vehicle Fuel	77,373,000	65,555,000	(11,818,000)	-15.27%
Severance	832,000	1,197,000	365,000	43.87%
Coin-operated Amusement	53,000	68,000	15,000	28.30%
Unauthorized Substance	931,000	593,000	(338,000)	-36.31%
Total	\$4,282,229,000	\$3,979,925,000	(\$302,304,000)	-7.06%

Table 3
August - December Revenue Overcollections/(Undercollections)
Budgeted Estimate

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Sales Tax	\$ (214,500,000)	\$ 2,000,000	\$ (212,500,000)
Income Tax	(300,000)	(100,000)	(400,000)
Inheritance Tax	(4,100,000)	0	(4,100,000)
Privilege Tax	(19,800,000)	0	(19,800,000)
Business Tax	1,700,000	0	1,700,000
TVA	(1,700,000)	(1,400,000)	(3,100,000)
Gross Receipts	1,400,000	0	1,400,000
Gasoline & Motor Fuel Taxes	(1,100,000)	(23,600,000)	(24,700,000)
Motor Vehicle Registration	(1,200,000)	(4,300,000)	(5,500,000)
Other Taxes	(4,100,000)	(1,000,000)	(5,100,000)
Tobacco	(2,400,000)	0	(2,400,000)
Beer	(200,000)	(200,000)	(400,000)
Motor Vehicle Title	(500,000)	(100,000)	(600,000)
Mixed Drink	(1,100,000)	(1,100,000)	(2,200,000)
Alcoholic Beverage	100,000	100,000	200,000
Severance	100,000	400,000	500,000
Coin Operated Amusement	0	0	0
Unauthorized Substance	(100,000)	(100,000)	(200,000)
Sub-Total	\$ (243,700,000)	\$ (28,400,000)	\$ (272,100,000)
F & E Taxes	(135,700,000)	0	(135,700,000)
Total	\$ (379,400,000)	\$ (28,400,000)	\$ (407,800,000)